

LAKE COUNTY ECONOMIC FORECAST

The Lake County economy is creating jobs at a rapid rate. In 2017 it generated 540 new jobs, representing growth of 3.3 percent. By comparison, the entire California economy created jobs at a rate of 2.0 percent. The best performing industries in Lake County were construction, leisure services, healthcare, and government.

Construction activity is accelerating. Almost 400 homes were built in 2017, and more than \$18 million was invested into non-residential structures. In 2017 and 2018, wildfires destroyed more than 300 homes in Lake County, and many will be rebuilt in the coming years. In addition to these rebuilt homes, a considerable amount of new construction will be observed in the county, providing the capacity for substantial in-migration.

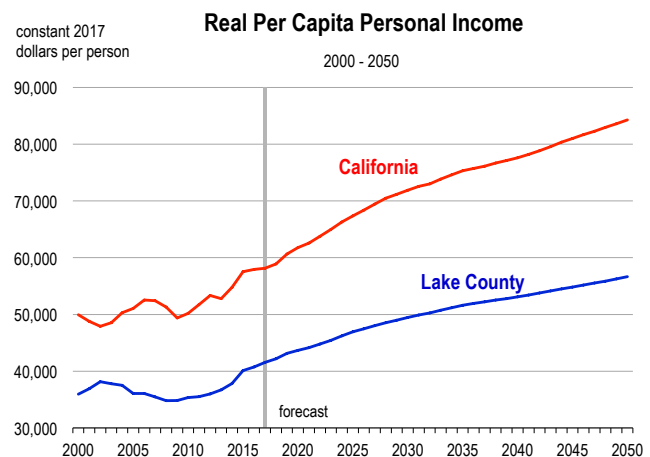
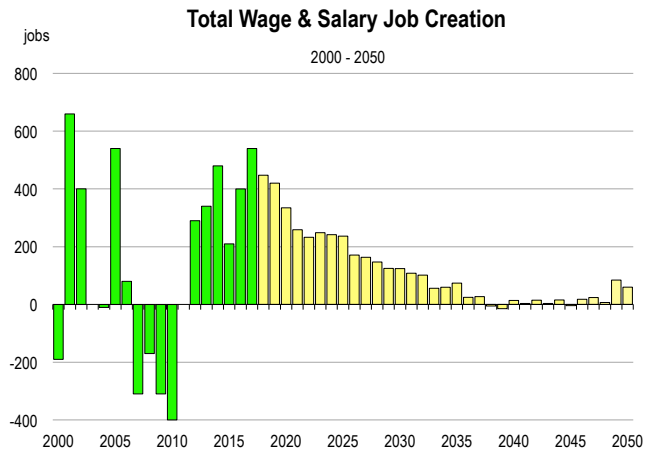
In 2017, Lake County gained more than 400 net migrants (people moving into the county, less people moving out). People are moving to Lake County for its affordable homes and growing job prospects. Across Coastal California, households typically spend 35 percent to 50 percent of their income on mortgage payments and rent, but for most households in Lake County, this figure is less than 25 percent.

But despite an influx of net migration, the overall population grew by just 0.4 percent. In most counties of California, births account for the majority of all population growth, but Lake County has an old resident base with a low birth rate. Because of this, population growth is expected to be relatively slow during the forecast period.

The unemployment rate improved substantially last year, falling from 6.7 percent in 2016 to 5.7 percent in 2017. The unemployment rate is near its lowest sustainable level, meaning that almost everyone who wants a job already has a job. Under such conditions, job creation is expected to decelerate, and improvements in the unemployment rate will become slower and more incremental.

FORECAST HIGHLIGHTS

- In 2018, total wage and salary employment will increase by 2.7 percent. From 2018 to 2023, total employment will grow at an annual average rate of 1.7 percent.
- The strongest employment gains will be observed in education and healthcare. This sector will account for 67 percent of net job creation in the county between 2018 and 2023.
- Average salaries are currently below the California State average, and will remain so over the foreseeable future. In Lake County,



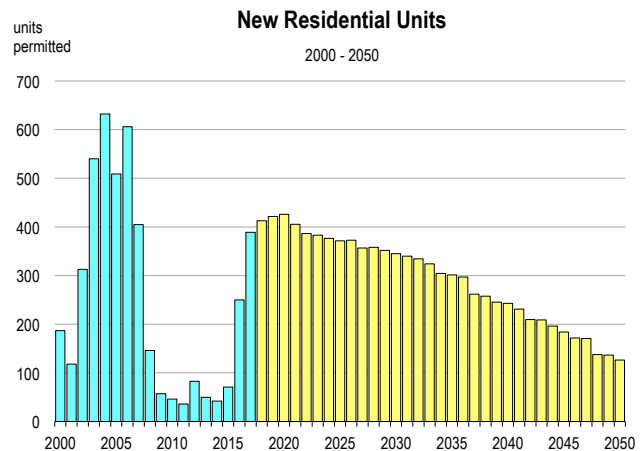
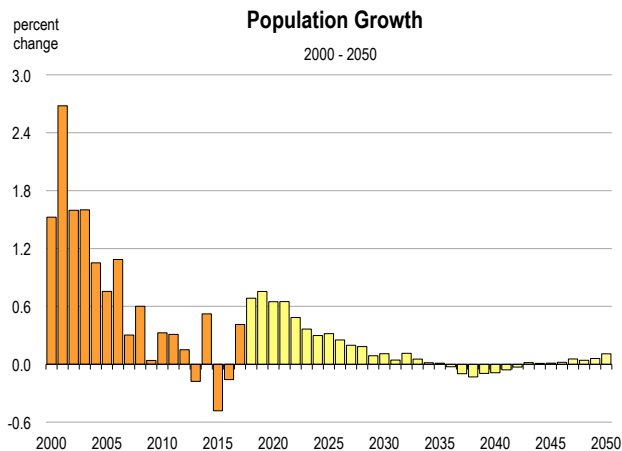
inflation-adjusted salaries are expected to rise by an average of 1.6 percent per year between 2018 and 2023, which will be similar to statewide growth.

- Housing production will remain strong over the forecast period, with an average of 400 units built each year between 2018 and 2023.
- Because Lake County has large amounts of buildable land, the development process will spread out into single-family communities, rather than be forced up into multifamily skyscrapers.
- The population will expand by 0.6 percent per year between 2018 and 2023. All of this growth will be due to net migration. Because the county has an older population base, deaths will outnumber births by 100 each year, but an average of 480 net migrants will enter the county each year.

Lake County Economic Forecast

2010-2017 History, 2018-2050 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (millions)	Unemploy- ment Rate (percent)
2010	64,606	307	85.0	26.5	46	\$0.46	\$1.97	\$35,362	1.3	74.4	153.8	15.1
2011	64,807	245	84.4	26.7	36	\$0.51	\$2.04	\$35,525	2.7	75.4	154.7	14.5
2012	64,905	217	82.6	27.0	83	\$0.53	\$2.12	\$35,976	2.7	93.6	157.4	12.8
2013	64,790	-29	84.9	27.5	50	\$0.55	\$2.19	\$36,726	2.3	104.6	157.0	10.9
2014	65,129	387	86.3	27.7	42	\$0.54	\$2.31	\$37,841	2.8	99.5	166.6	8.9
2015	64,815	-192	87.9	27.8	71	\$0.57	\$2.47	\$40,126	2.6	106.5	168.5	7.6
2016	64,712	28	90.3	27.9	250	\$0.59	\$2.56	\$40,735	3.1	111.9	165.6	6.7
2017	64,979	431	88.7	27.9	389	\$0.61	\$2.70	\$41,543	3.2	114.2	172.4	5.7
2018	65,424	524	89.6	28.0	413	\$0.64	\$2.85	\$42,204	3.7	114.4	183.0	5.3
2019	65,918	586	90.3	28.2	421	\$0.68	\$3.01	\$43,159	3.1	114.7	185.6	4.9
2020	66,346	524	91.0	28.5	426	\$0.71	\$3.17	\$43,680	4.1	115.0	188.9	5.0
2021	66,777	513	91.7	28.7	405	\$0.74	\$3.32	\$44,163	3.6	115.3	193.6	5.2
2022	67,101	425	92.2	29.0	386	\$0.77	\$3.47	\$44,780	3.5	115.6	198.4	5.3
2023	67,346	346	92.7	29.3	383	\$0.81	\$3.63	\$45,439	3.4	115.9	203.8	5.5
2024	67,547	304	93.1	29.5	376	\$0.84	\$3.79	\$46,203	3.3	116.2	209.1	5.6
2025	67,761	329	93.4	29.8	371	\$0.88	\$3.96	\$46,933	3.1	116.5	213.7	5.8
2026	67,932	284	93.7	30.1	373	\$0.92	\$4.10	\$47,476	3.1	116.8	218.5	6.0
2027	68,066	253	93.9	30.4	357	\$0.96	\$4.25	\$48,021	3.0	117.2	223.4	6.1
2028	68,191	248	94.1	30.6	358	\$1.01	\$4.40	\$48,539	3.3	117.5	228.2	6.1
2029	68,252	185	94.2	30.9	352	\$1.04	\$4.54	\$48,993	3.1	117.9	233.1	6.1
2030	68,327	205	94.3	31.1	345	\$1.08	\$4.69	\$49,459	3.0	118.2	238.1	6.2
2031	68,357	162	94.4	31.4	340	\$1.12	\$4.84	\$49,895	2.9	118.6	243.4	6.4
2032	68,435	211	94.5	31.6	334	\$1.16	\$4.99	\$50,274	3.1	119.0	249.0	6.4
2033	68,472	173	94.6	31.9	324	\$1.21	\$5.14	\$50,742	2.7	119.3	254.8	6.4
2034	68,483	147	94.6	32.1	305	\$1.25	\$5.29	\$51,197	2.9	119.7	260.6	6.4
2035	68,491	147	94.6	32.4	301	\$1.30	\$5.46	\$51,634	3.0	120.1	266.7	6.4
2036	68,473	122	94.7	32.6	297	\$1.34	\$5.63	\$51,924	3.4	120.5	272.9	6.4
2037	68,407	75	94.6	32.8	262	\$1.38	\$5.81	\$52,213	3.5	120.9	279.2	6.4
2038	68,317	55	94.6	33.0	258	\$1.42	\$5.98	\$52,536	3.3	121.4	285.7	6.4
2039	68,253	80	94.5	33.2	245	\$1.46	\$6.16	\$52,788	3.5	121.8	292.4	6.4
2040	68,193	86	94.4	33.4	243	\$1.51	\$6.36	\$53,103	3.4	122.2	299.2	6.4
2041	68,154	108	94.3	33.6	231	\$1.55	\$6.55	\$53,429	3.2	122.7	306.2	6.4
2042	68,134	127	94.2	33.8	210	\$1.59	\$6.74	\$53,797	3.1	123.1	313.4	6.4
2043	68,146	157	94.1	33.9	209	\$1.63	\$6.93	\$54,120	3.0	123.6	320.7	6.4
2044	68,152	148	94.0	34.1	196	\$1.67	\$7.12	\$54,511	2.8	124.1	328.3	6.4
2045	68,160	149	94.0	34.2	184	\$1.71	\$7.32	\$54,821	3.0	124.6	336.0	6.4
2046	68,174	153	93.9	34.4	172	\$1.75	\$7.52	\$55,175	2.9	125.1	343.9	6.4
2047	68,212	174	93.9	34.5	171	\$1.80	\$7.74	\$55,538	2.9	125.6	352.1	6.4
2048	68,240	162	93.9	34.7	138	\$1.83	\$7.95	\$55,838	2.9	126.1	360.4	6.4
2049	68,281	172	93.9	34.8	137	\$1.88	\$8.18	\$56,255	2.9	126.6	368.9	6.4
2050	68,355	202	93.9	34.9	126	\$1.92	\$8.42	\$56,651	2.9	127.2	377.7	6.4

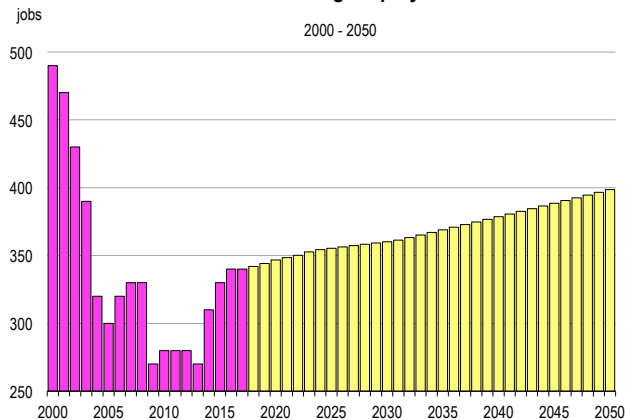


Lake County Employment Forecast

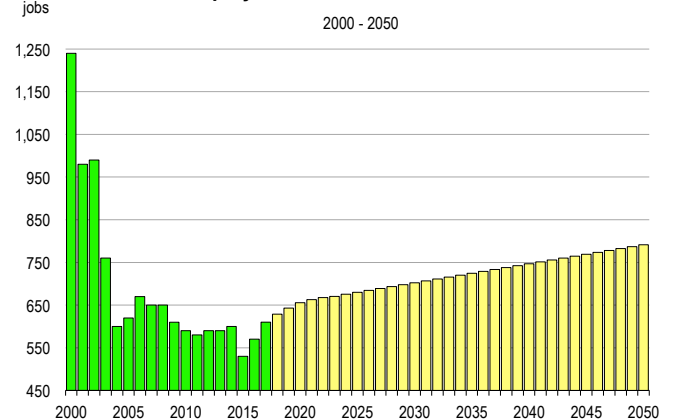
2010-2017 History, 2018-2050 Forecast

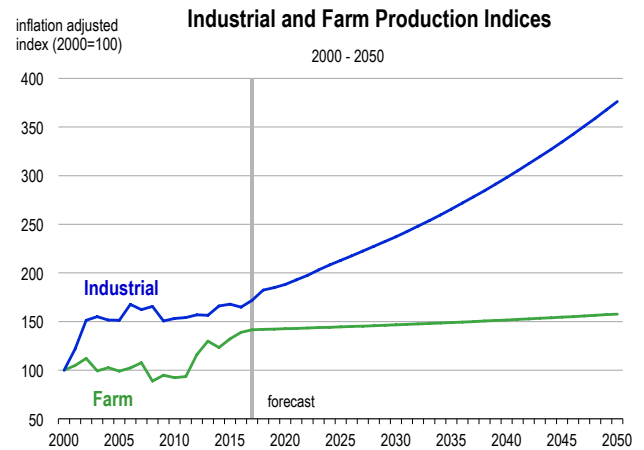
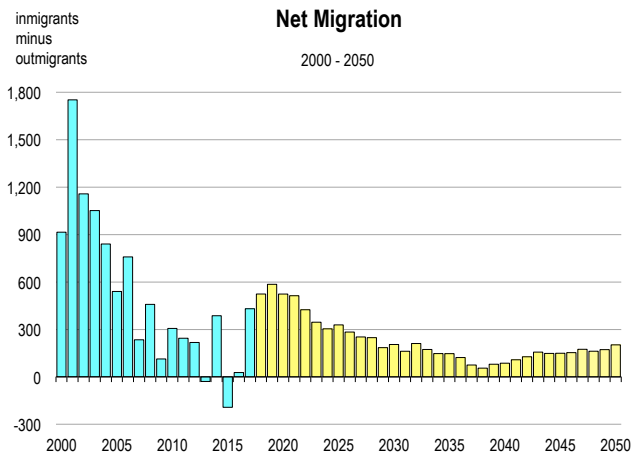
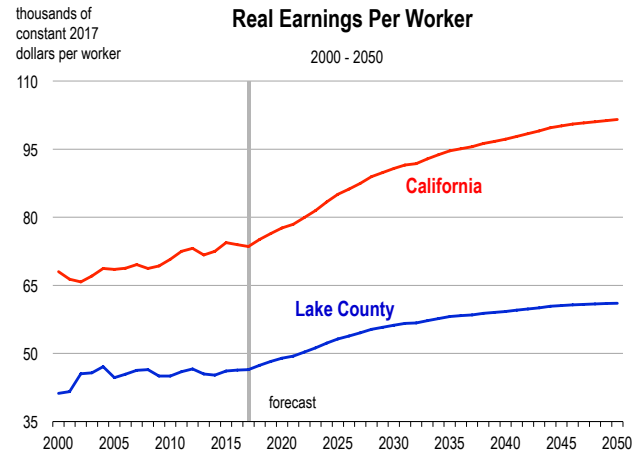
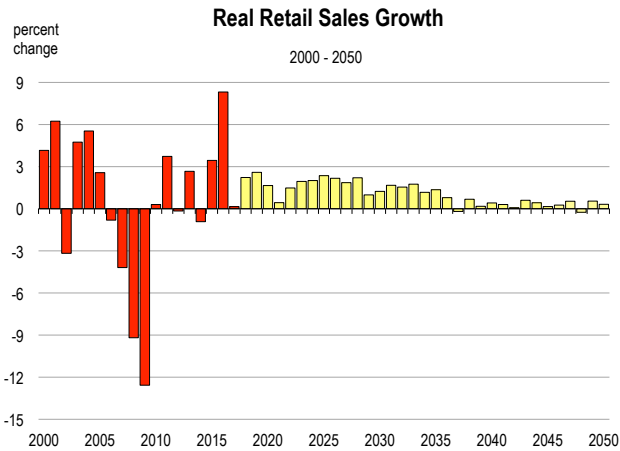
	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
2010	14.62	1.06	0.38	0.28	0.53	2.11	0.35	0.59	0.13	3.58	1.13	4.11
2011	14.62	1.15	0.34	0.28	0.56	2.11	0.36	0.58	0.14	3.58	1.11	3.91
2012	14.91	1.12	0.36	0.28	0.59	2.10	0.37	0.59	0.15	3.76	1.11	3.95
2013	15.25	1.09	0.38	0.27	0.58	2.20	0.39	0.59	0.15	4.03	1.03	4.02
2014	15.73	1.07	0.45	0.31	0.56	2.29	0.39	0.60	0.14	4.26	1.05	4.06
2015	15.94	1.06	0.50	0.33	0.53	2.34	0.38	0.53	0.13	4.35	1.07	4.19
2016	16.34	1.08	0.63	0.34	0.51	2.35	0.38	0.57	0.12	4.40	1.12	4.32
2017	16.88	1.00	0.71	0.34	0.54	2.35	0.38	0.61	0.12	4.69	1.19	4.40
2018	17.33	1.00	0.76	0.34	0.58	2.36	0.38	0.63	0.12	4.89	1.21	4.50
2019	17.75	1.01	0.79	0.34	0.60	2.38	0.38	0.64	0.11	5.11	1.22	4.60
2020	18.08	1.01	0.80	0.35	0.61	2.40	0.38	0.66	0.11	5.32	1.23	4.66
2021	18.34	1.02	0.80	0.35	0.61	2.41	0.39	0.66	0.11	5.53	1.24	4.68
2022	18.57	1.02	0.80	0.35	0.61	2.42	0.39	0.67	0.12	5.71	1.24	4.70
2023	18.82	1.02	0.79	0.35	0.61	2.44	0.39	0.67	0.12	5.90	1.24	4.73
2024	19.06	1.03	0.79	0.35	0.62	2.46	0.39	0.68	0.12	6.07	1.25	4.77
2025	19.30	1.03	0.78	0.36	0.62	2.47	0.39	0.68	0.12	6.24	1.25	4.81
2026	19.47	1.03	0.78	0.36	0.62	2.49	0.39	0.68	0.12	6.34	1.25	4.84
2027	19.63	1.04	0.78	0.36	0.62	2.51	0.39	0.69	0.12	6.44	1.25	4.87
2028	19.78	1.04	0.77	0.36	0.63	2.53	0.40	0.69	0.12	6.52	1.26	4.90
2029	19.91	1.04	0.77	0.36	0.63	2.54	0.40	0.70	0.12	6.59	1.26	4.94
2030	20.03	1.05	0.77	0.36	0.63	2.55	0.40	0.70	0.12	6.66	1.27	4.97
2031	20.14	1.05	0.76	0.36	0.63	2.56	0.40	0.71	0.12	6.71	1.27	5.00
2032	20.24	1.05	0.76	0.36	0.63	2.58	0.40	0.71	0.12	6.75	1.28	5.04
2033	20.30	1.06	0.76	0.37	0.63	2.59	0.40	0.72	0.12	6.74	1.28	5.07
2034	20.36	1.06	0.75	0.37	0.63	2.60	0.40	0.72	0.13	6.74	1.29	5.11
2035	20.43	1.06	0.74	0.37	0.64	2.62	0.40	0.72	0.13	6.76	1.29	5.14
2036	20.45	1.07	0.74	0.37	0.64	2.62	0.41	0.73	0.13	6.72	1.30	5.17
2037	20.48	1.07	0.72	0.37	0.64	2.62	0.41	0.73	0.13	6.72	1.30	5.21
2038	20.48	1.08	0.72	0.37	0.64	2.63	0.41	0.74	0.13	6.66	1.30	5.24
2039	20.46	1.08	0.71	0.38	0.64	2.63	0.41	0.74	0.13	6.59	1.31	5.28
2040	20.47	1.08	0.70	0.38	0.64	2.64	0.41	0.75	0.13	6.55	1.32	5.31
2041	20.47	1.09	0.70	0.38	0.64	2.64	0.41	0.75	0.13	6.50	1.33	5.35
2042	20.49	1.09	0.69	0.38	0.64	2.64	0.41	0.76	0.13	6.47	1.33	5.38
2043	20.49	1.09	0.68	0.38	0.65	2.65	0.41	0.76	0.13	6.41	1.34	5.42
2044	20.51	1.10	0.68	0.39	0.65	2.65	0.41	0.76	0.13	6.37	1.35	5.45
2045	20.50	1.10	0.67	0.39	0.65	2.65	0.41	0.77	0.13	6.32	1.36	5.49
2046	20.52	1.10	0.66	0.39	0.65	2.66	0.41	0.77	0.13	6.28	1.36	5.53
2047	20.55	1.11	0.66	0.39	0.65	2.66	0.42	0.78	0.13	6.25	1.37	5.56
2048	20.55	1.11	0.64	0.39	0.65	2.66	0.42	0.78	0.13	6.22	1.37	5.60
2049	20.64	1.11	0.64	0.40	0.65	2.67	0.42	0.79	0.13	6.25	1.38	5.64
2050	20.70	1.12	0.63	0.40	0.66	2.67	0.42	0.79	0.13	6.26	1.38	5.67

Manufacturing Employment



Employment in Professional Services





County Economic and Demographic Indicators

Projected Economic Growth (2018-2023)

Expected retail sales growth:	8.4%
Expected job growth:	8.6%
Fastest growing jobs sector:	Health and Education
Expected personal income growth:	10.8%

Expected population growth:	2.9%
Net migration to account for:	100%
Expected growth in number of vehicles:	3.5%

Demographics (2018)

Unemployment rate (April 2018):	5.0%
County rank* in California (58 counties):	33rd
Working age (16-64) population:	59.2%

Population with B.A. degree or higher:	13.7%
Median home selling price (2017):	\$224,000
Median household income:	\$41,959

Quality of Life

Violent crime rate (2016):	553 per 100,000 persons
County rank* in California (58 counties):	46th
Average commute time to work (2018):	31 minutes

High School drop out rate (2017):	8.6%
Households at/below poverty line (2018):	16.7%

* The county ranked 1st corresponds to the lowest rate in California